

ORIGINAL



0000103137

30

MEMORANDUM

TO: Docket Control  
Arizona Corporation Commission

FROM: Ernest G. Johnson  
Director  
Utilities Division

Date: August 10, 2007

RE: STAFF REPORT FOR THE APPLICATION FOR THE APPLICATION OF  
BACA FLOAT WATER COMPANY FOR AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO.  
WS-01678A-07-0116)

Attached is the Staff Report for Baca Float Water Company application for approval to extend its Certificate of Convenience and Necessity. Staff recommends approval with conditions.

EGJ:LAJ:kdh

Originator: Linda A. Jaress

Arizona Corporation Commission  
**DOCKETED**  
AUG 10 2007

DOCKETED BY KIL	
--------------------	--

AZ CORP COMMISSION  
DOCKET CONTROL

2007 AUG 10 A 10:17

RECEIVED

Service List for: Baca Float Water Company  
Docket No. WS-01678A-07-0116

Mr. Jeffrey W. Crockett  
Snell & Wilmer L.L.P.  
One Arizona Center  
400 East Van Buren  
Phoenix, Arizona 85004-2202

Mr. Gary Brasher  
Baca Float Water Company  
Two Tubac Road  
Post Office Box 1536  
Tubac, Arizona 85646

Mr. Christopher C. Kempley  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION


BACA FLOAT WATER COMPANY  
DOCKET NO. WS-01678A-07-0116

APPLICATION FOR EXTENSION  
OF CERTIFICATE OF  
CONVENIENCE & NECESSITY

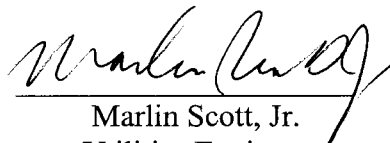
AUGUST 10, 2007

## STAFF ACKNOWLEDGMENT

The Staff Report for Baca Float Water Company, Docket No. WS-01678A-07-0116, was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report and Marlin Scott, Jr. prepared the Engineering Report.



Linda A. Jaress  
Executive Consultant



Marlin Scott, Jr.  
Utilities Engineer

**EXECUTIVE SUMMARY  
BACA FLOAT WATER COMPANY  
DOCKET NO. WS-01678A-07-0116**

On February 23, 2007, Baca Float Water Company, ("Baca Float" or "Company") filed an application for approval of an extension of its Certificate of Convenience and Necessity. Baca Float serves approximately 271 customers in Tubac, approximately 40 miles south of Tucson. The Company received letters from W&M Tenants in Common and Presidio De Tubac, LLC requesting water service to combined areas totaling approximately 1,300 acres contiguous to Baca Float's existing certificated area.

The Company has some financial issues including a possibly inaccurate Annual Report, an unbalanced capital structure and rates which are stale. Staff is concerned about Baca Float's accounting methods, the reliability of its financial statements and the suitability of its rates. However, Baca Float is in compliance with the Arizona Department of Environmental Quality ("ADEQ"), the Arizona Department of Water Resources ("ADWR") and the Arizona Corporation Commission ("the Commission").

The Company has two wells and a distribution system serving 271 service connections. Staff's Engineering Report, attached as Exhibit 2, indicates that because Baca Float has no storage, the system should currently serve only 185 connections. Baca Float has applied to ADEQ for a Certificate of Approval to Construct ("ATC") three storage tanks with a combined capacity of 160,000 gallons. With the addition of these storage tanks, the system would be capable of serving approximately 800 service connections.

The cost of the proposed facilities to serve the extension area are estimated at \$1.6 million. Staff has reviewed the costs estimated by the Company for plant to serve the extension area in the fifth year of the development of \$1.1 million and found them to be reasonable.

Staff concludes that the Company's proposed water plant's planned production and storage capacities appear to be appropriate and adequate to serve the requested extension area for the first five years and the estimated costs of the plant to serve the extension area reasonable. The Company can reasonably be expected to develop additional production and storage as required.

Staff recommends the Commission order Baca Float to file a rate case within one year of the decision in this case.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the Approval of Construction ("AOC") for the installation of the storage tanks, with no time extension allowed.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation of Assured Water Supply from ADWR that includes the requested area.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

Finally, Staff recommends that the decision approving this extension should be deemed null and void after due process if Baca Float does not comply with the above requirements in the time ordered.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
FINANCIAL ISSUES .....	1
EXISTING AND PROPOSED UTILITY PLANT .....	1
ARSENIC .....	2
ARIZONA DEPARTMENT OF WATER RESOURCES COMPLIANCE .....	3
RECOMMENDATIONS.....	3

## ATTACHMENT(S)

ENGINEERING REPORT .....	A
ENGINEERING MAP.....	B

### **Introduction**

On February 23, 2007, Baca Float Water Company, ("Baca Float" or "Company") filed an application for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). Baca Float serves approximately 271 customers in Tubac, approximately 40 miles south of Tucson. The Company received letters from W&M Tenants in Common and Presidio De Tubac, LLC requesting water service to combined areas totaling approximately 1,300 acres contiguous to Baca Float's existing certificated area. A map and legal description of the certificated area and the extension area is attached as Exhibit 1. Baca Float estimates the extension area will hold 1,000 residential customers by the end of year 6 of the development. Rio Rico Utilities is the certificated wastewater utility service provider in the extension area.

The Company is a corporation in good standing with the Corporations Division of the Commission and has no outstanding compliance issues in the records of the Compliance Section of the Utilities Division. The extension area is included within the boundaries of Baca Float's present Santa Cruz County franchise for water.

### **Financial Issues**

The Company will finance the facilities needed to serve the extension area primarily by advances in aid of construction and line extension agreements. Baca Float's 2006 Annual Report to the Corporation Commission indicates that due to persistent net losses, its capital structure is comprised of negative equity and over 100 percent contributions and advances. The Annual Report also indicates that Baca Float was profitable in 2006, earning \$21,036 on Metered Revenues of \$85,745 and \$87,585 of Other Water Revenues.

The Annual Report also reflects some financial anomalies. For instance, Salaries and Wages were reported at a level nearly equal to Metered Revenues (\$85,379 compared to \$85,745) and, although 2006 was a profitable year for Baca Float, its retained earnings fell. Baca Float also provides sewer service in some areas and may be combining some of the revenues and expenses for both operations, but not plant, in the same annual report.

Baca Float's current rates have been in effect for at least ten years. Due to all the foregoing, Staff is concerned about Baca Float's accounting methods, the reliability of its financial statements and the suitability of its rates. Staff recommends the Commission order Baca Float to file a rate case within one year of the decision in this case. The rate case will appropriately allocate costs across customer classes, will address growth issues, and will insure that Baca Float's rates recover its costs and a fair return.

### **Existing and Proposed Utility Plant**

Baca Float's water system has no deficiencies on file with the Arizona Department of Environmental Quality ("ADEQ") and ADEQ has determined that this system is currently



delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

Rosalino F. Vega is the Company's certified operator. ADEQ's website indicates that Mr. Vega has valid Grade 1 Water Distribution System Operator and Water Treatment Plan Operator Certifications and Grade 3 Wastewater Collection System Operator and Wastewater Treatment Plan Operator certificates.

The Company has two wells and a distribution system (but no storage) serving 271 service connections. Staff's Engineering Report, attached as Exhibit 2, indicates that because Baca Float has no storage, the system should currently serve only 185 connections. However, Baca Float has applied to ADEQ for a Certificate of Approval to Construct ("ATC") three storage tanks with a combined capacity of 160,000 gallons. With the addition of these storage tanks, the system would be capable of serving approximately 800 service connections.

The costs of the proposed facilities to serve the extension area are estimated at \$1.6 million. Staff has reviewed the costs estimated by the Company for plant to serve the extension area in the fifth year of the development of \$1.1 million and found them to be reasonable.

Staff concludes that the Company's proposed water plant's planned production and storage capacities appear to be appropriate and adequate to serve the requested extension area for the first five years and the estimated costs of the plant to serve the extension area reasonable. The Company can reasonably be expected to develop additional production and storage as required.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Staff also recommends that the Company file with Docket Control, as a compliance item in this docket, within by May 31, 2008, a copy of the AOC for the installation of the storage tanks, with no time extension allowed.

### **Arsenic**

The arsenic levels for Baca Float's two wells are 14 parts per billion ("ppb") and 18 ppb. Based on these levels, in June 2006 the Company applied for an ATC for the installation of an arsenic treatment system. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

**Arizona Department of Water Resources Compliance**

The Company is located within the Santa Cruz Active Management Area and is in compliance with its reporting and conservation requirements with the Department of Water Resources. The Company holds a Designation of Assured Water Supply ("Designation") for its existing service area.

Staff recommends that the Company update or amend its Designation to include the requested area in this CC&N extension application. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation that includes the requested area.

**Recommendations**

Staff recommends the Commission order Baca Float to file a rate case within one year of the decision in this case.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the AOC for the installation of the storage tanks, with no time extension allowed.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation from ADWR that includes the requested area.

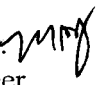
Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

Finally, Staff recommends that the decision approving this extension should be deemed null and void after due process if Baca Float does not comply with the above requirements in the time ordered.

## MEMORANDUM

DATE: July 26, 2007

TO: Linda Jaress  
Executive Consultant III

FROM: Marlin Scott, Jr.   
Utilities Engineer

RE: Baca Float Water Company  
Docket No. WS-01678A-07-0116 (CC&N Extension)

---

### **Introduction**

Baca Float Water Company ("Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N") for its water system. The requested area will add approximately one square-mile to the Company's existing 1-3/4 square-miles of certificated area. The Company serves the community of Tubac in Santa Cruz County.

### **Capacity**

#### Existing Utility Plant

According to the 2006 Annual Report submitted by the Company, the Company has two wells producing a total of 800 gallons per minute ("GPM"), no storage tank, and a distribution system serving 271 service connections as of December 2006. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 380 connections at the end of five years. The Company has predicted an additional 300 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 680 at the end of five years. Based on the existing two well production and no storage tank capacities, the system can serve approximately 185 service connections.

According to the Company, last year in June 2006, the Company had applied for an Arizona Department of Environmental Quality ("ADEQ") Certificate for Approval to Construct ("ATC") for the installation of three storage tanks; one 80,000 gallon and two 40,000 gallons, for a combined total capacity of 160,000 gallons. This ATC filing is still pending ADEQ approval. With the addition of these storage tanks in the future, the system would be capable of serving approximately 800 service connections.

### Proposed Plant Facilities

The Company is proposing to extend its water system into the requested area by extension of its distribution system through advances in aid of construction and the use of main extension agreements. The Company is projecting to serve 40 customers in the first year and 300 customers by the fifth year with estimated costs of \$150,000 and \$1,125,000, respectively. These estimated costs are based on projected unit cost of \$3,750 per customer for the on-site plant facilities.

Staff concludes that the existing system has adequate well production but no storage tanks. However, based on the Company's ADEQ filing for approval to install three storage tanks, the Company will have the capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

### **Arizona Department of Environmental Quality ("ADEQ") Compliance**

#### Compliance Status

ADEQ regulates the water system under ADEQ Public Water System I.D. #12-037. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

#### Certificates of Approval

The ATC for facilities needed to serve the requested area has not been submitted by the Company. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Currently, the Company has no storage tanks, but in June 2006 the Company had applied for ATCs for the installation of three storage tanks. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the Certificate for Approval of Construction ("AOC") for the installation of the storage tanks. This storage is critical; therefore, Staff recommends that no time extension be allowed for this condition.

#### Arsenic

According to the Company's 2006 Annual Report, the arsenic levels for its two wells are 14 parts per billion ("ppb") and 18 ppb. Based on these levels, in June 2006 the Company applied for an ATC for the installation of an arsenic treatment system. Staff

recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

### **Arizona Department of Water Resources ("ADWR") Compliance**

#### Compliance Status

The Company is located within the Santa Cruz Active Management Area ("AMA") and is in compliance with its reporting and conservation requirements.

#### Designation of Assured Water Supply

The Company holds a Designation of Assured Water Supply ("Designation") for its existing service area. Staff recommends that the Company update or amend its Designation to include the requested area in this CC&N extension application. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation from ADWR that includes the requested area.

### **Arizona Corporation Commission Compliance**

A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.

### **Curtailment Tariff**

The Company does not have an approved curtailment tariff but has indicated its plans to file this tariff under a new docket number. As of this report date, the Company has not done so. Therefore, Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

### **Backflow Prevention Tariff**

The Company has an approved backflow prevention tariff that became effective on January 10, 1997.

### **Summary**

#### Conclusions

- A. Staff concludes that the existing system has adequate well production but no storage tanks. However, based on the Company's ADEQ filing for approval to install three storage tanks, the Company will have the capacity to serve the

existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.


- B. Based on compliance information submitted by the Company, the Company's system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
- C. The Company is within the Santa Cruz AMA and is in compliance with its reporting and conservation requirements.
- D. A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.
- E. The Company has an approved backflow prevention tariff that became effective on January 10, 1997.

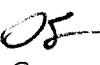
#### Recommendations

- 1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.
- 2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the AOC for the installation of the storage tanks, with no time extension allowed.
- 3. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.
- 4. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation from ADWR that includes the requested area.
- 5. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

**MEMORANDUM**

TO: Linda Jaress  
Executive Consultant III  
Utilities Division

FROM: Barb Wells   
Information Technology Specialist  
Utilities Division

THRU: Del Smith   
Engineering Supervisor  
Utilities Division

DATE: August 6, 2007

RE: **BACA FLOAT WATER COMPANY (DOCKET NO. WS-01678A-07-0116)**  
**REVISED LEGAL DESCRIPTION**

The area requested by Baca Float for an extension of water service has been plotted with no complications using a revised legal description, which was docketed on August 3, 2007. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

:bsw

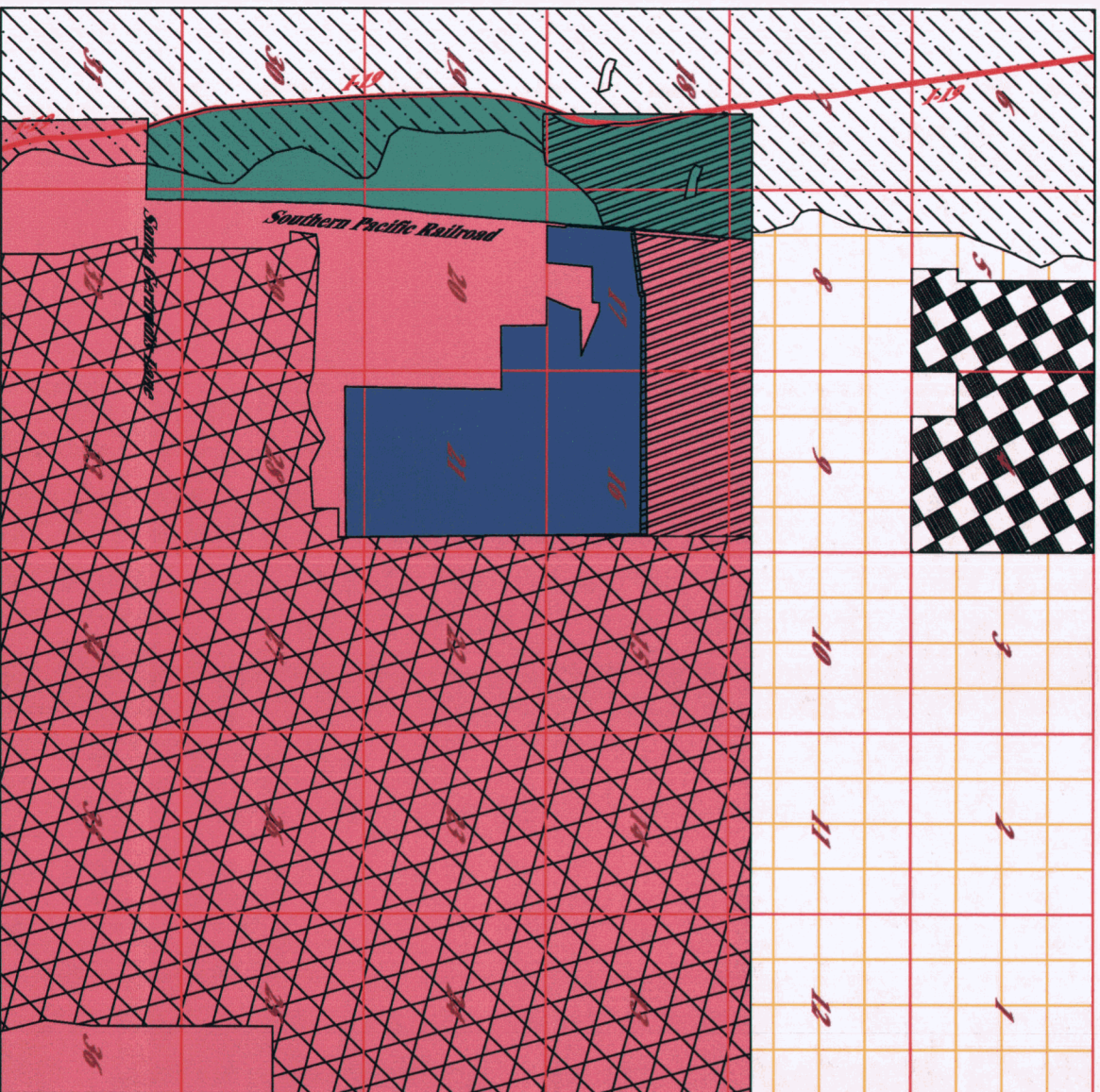
Attachments

cc: Ms. Marcie Shuman  
Ms. Deb Person (Hand Carried)  
File










# GO COUNTY, Santa Cruz

## RANGE 13 East



## TOWNSHIP 21 South

-  WS-1303 (3)  
Arizona-American Water Company
-  WS-1678 (1)  
Baca Float Water Company, Inc.
-  Sewer
-  WS-2676 (6)  
Rio Rico Utilities, Inc.
-  Sewer
-  W-2419 (2)  
Tubac Water Company, Inc.
-  (1)  
Baca Float Water Company, Inc.  
Docket No. WS-01678A-07-0116  
Application for Extension for Water



Description of Proposed C.C. & N. Area  
Within Baca Float No. 3

All that portion of the Baca Float No. 3, as said Baca Float No. 3 is shown on the Official Plat thereof, approved by the U.S. Surveyor General's Office on Nov. 23<sup>rd</sup>, 1906, described as follows;

Being portions of Protracted Sections 16, 17, 20, 21 and 28, Township 21 South, Range 13 East, G. & S.R.B. & M., Santa Cruz County, Arizona, described as follows;

Beginning at the point of intersection of the Section line common to said Sections 17 and 20 with the easterly right-of-way line of the Tucson-Nogales Railroad, from which the one-quarter corner common to said Sections bears South 89°46'59" East, 1583.43 feet, more or less; said point of beginning is further described as being the southwest corner of that certain parcel of land described as the 6<sup>th</sup> parcel in the Decree of Distribution of the Estate of Pearl E. Clark, recorded in the Office of the Recorder of Santa Cruz County, Arizona, in Docket 160 at Page 554, hereinafter referred to as DR #7 (Deed Reference No. 7) and is further described as being a point on the north line of that certain parcel of land described in the Bargain and Sale Deed from O.J. Bennett and Margaret Bennett to Thomas Casanega, recorded in the Office of said Recorder in Book 5 of Deeds at Page 190, hereinafter referred to as DR # 8;

Thence, from said point of beginning, along the westerly line of said DR #7 and along the easterly right-of-way of said Railroad, the following three (3) courses;

1. **North 04°23'24" East 543.35 feet**, more or less,
2. **North 85°36'36" West 50 feet**, more or less, and
3. **North 04°23'24" East 1980.27 feet**, more or less, to the northwest corner of DR #7; said point is further described as being the southwest corner of that certain parcel of land described as the 4<sup>th</sup> parcel in the Executor's Deed (Estate of Franklin T. Clark) to Clyde F. Lewis and Marie W. Lewis, recorded in the Office of said Recorder in Book 33 of Deeds at Page 221, hereinafter referred to as DR # 16; said point being also the southwest corner of the parcel described in Tract No. 2 of the "Franchise to: Baca Float Water Co. Inc.", recorded in the Office of said Recorder in Docket 21 at page 419, hereinafter referred to as DR # 14;

Thence, along the line common to DR # 7, DR # 16 and DR # 14, the following three (3) courses;

1. **North 82°04'45" East 1757.27 feet**,

2. **North 02°55'23" East 18.49 feet,**
3. **North 87°47'23" East 73.35 feet** to the southeast corner of said DR # 16, being also a point on the westerly line of that certain parcel of land described in the Deed from Baca Float Ranch, Inc. to E.R. Clark and Pearl E. Clark, recorded in the Office of said Recorder in Book 27 of Deeds at Page 247, hereinafter referred to as DR #2;

Thence, along the line common to DR # 2 and DR # 16, and continuing along the southerly line of DR # 14, **North 07°12'20" East 57.35 feet**, more or less, to the northwest corner of DR # 2, being also the southwesterly corner of that certain parcel of land described in the Deed from Baca Float Ranch, Inc. to Everett S. Sholes, recorded in the Office of said Recorder, in Book 23 of Deeds at Page 39, hereinafter referred to as DR #1, and being also the southwest corner of that certain Record of Survey entitled Tubac Ranch Estates, recorded in the Office of said Recorder in Book 1 of Surveys at Pages 20 & 21, hereinafter referred to as DR #15;

Thence, along the line common to said DR # 2, DR # 1 and DR # 15, and continuing along the southerly line of DR # 14, **North 89°22'04" East 7020.24 feet**, more or less, to the southeast corner of DR # 1, DR # 15 and DR # 14, being also the northeast corner of DR # 2 and being also a point on the westerly line of that certain Record of Survey entitled Tubac Foothills Ranch III, recorded in the Office of said Recorder in Book 2 of Surveys at Page 102,

Thence, along the easterly and southerly lines of DR #2 and along the westerly line of said Tubac Foothills Ranch III, and along the westerly line of that certain Record of Survey entitled Tubac Foothills Ranch I, recorded in the Office of said Recorder in Book 2 of Surveys at Page 64, and along the westerly and northerly lines, of Rio Rico Estates No. 16, the Official Plat of which is recorded in the Office of said Recorder in Book 3 of Maps and Plats at Page 18, the following two (2) courses;

1. **South 00°42'18" East 8726.71 feet**, and
2. **South 89°27'50" West 4390.70 feet**, more or less, to the southwesterly corner of DR # 2, being also the southeasterly corner of that certain parcel of land described in the Deed from the Sheriff of Santa Cruz County, Arizona to The American Exchange National Bank, recorded in the Office of said Recorder in Book 15 of Deeds at Page 506 (known as the Weldon Bailey Parcel), hereinafter referred to as DR #6;

Thence, along the common line between DR # 2 and DR #6, the following four (4) courses;

1. **North 00°51'49" East 4544.91 feet**, more or less,
2. **South 89°20'38" West 1849.83 feet**, more or less,

3. **North 00°43'37" West 1313.16 feet**, more or less, and
4. **North 89°41'48" West 815.09 feet** more or less to the point of beginning of said DR # 2. Said point is further described as being a point on the north line of DR # 8, and is further described as being southeast corner of DR# 7, from which the one-quarter section corner common to said Sections 17 & 20 bears North 89°41'48" West 505.59 feet more or less;

Thence, along the westerly line of said DR # 2, being also the easterly line of said DR # 7, the following two (2) courses,

1. **North 23°15'07" East 781.00 feet**, more or less, and
2. **North 11°05'25" East 260 .31 feet**, more or less to the southwest corner of that certain parcel of land described as "EXCEPT FROM" in the Deed from E.R. and Pearl E. Clark to R.L. and Joyce W. Kettenbach, recorded in the office of said Recorder in Docket 17 at Page 156, hereinafter referred to as DR # 10, being also the southwesterly corner of that certain Parcel of land described in the Deed from Myron Clark to Maynard Clark, recorded in the office of said Recorder in Docket 280 at Page 149, hereinafter referred to as DR # 11;

Thence, along the south line of said DR # 10 and DR #11, **North 88°49'14" East 1328.79 feet**, more or less to the southeast corner of said DR # 10 and DR #11;

Thence, along the northerly line of said DR # 11, **North 67°28'11" West 1371.90 feet**, more or less, to the westerly terminus of that certain course delineated as North 67°05'18" West " in the Special Warranty Deed from Tres Alamos Land & Cattle Co., LLC to Presidio de Tubac, LLC, recorded in the Office of said Recorder in Instrument No. 2006-16413; hereinafter referred to as DR # 12

Thence, along the southerly and easterly lines of said DR # 12, and along the northerly and westerly lines of that certain parcel of land described as the Total Parcel in the Deed from Myron D. Clark to Myron D. Clark and Katherine Clark, recorded in the office of said Recorder in Docket 830 at Page 867, hereinafter referred to as DR # 13, the following four (4) courses;

1. **South 89°39'54" West 270.68 feet**,
2. **South 02°59'42" West 198.63 feet**,
3. **South 89°38'38" West 1040.21 feet**, and
4. **South 04°51'48" West 1319.79 feet**, more or less, to the southwesterly corner of said DR # 13, being also a point on the section line common to Sections 17 and 20, from which the south one-quarter corner common to said Sections 17 and 20 bears South 89°46'59" East 507.84 feet, more or less,

Thence, along the south line of said DR # 7 and along the north line of said DR # 8, and along the section line common to Sections 17 and 20, **North 89°46'59" West 1075.59 feet**, more or less, to the point of beginning.

Containing 1168.30 Acres of land, more or less

July 27, 2007  
J.N. 3315-10